



County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

December 27, 2005

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavy
Supervisor Don Knabe

From: David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY (FOURTH QUARTER 2005)

In response to the increased level of CRA activity in the County and this Office's augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2000. Attached is the latest Quarterly Report, covering activities during the fourth quarter of the calendar year. As we indicated in our initial report to your Board, and consistent with the Board-approved policies and procedures, this Office works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

Please let me know if you have any questions, or your staff may contact Robert Moran at (213) 974-1130.

DEJ:MKZ
RTM:os

Attachment (1)

c: Auditor-Controller
County Counsel

COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES
Quarterly Report – Fourth Quarter 2005 – December 30, 2005

New CRA Projects - Routine Notifications/Reports Provided to Board

CRA Projects	District	Type of Notification	Date
None			

Board Letters/Actions During Quarter

CRA Projects	District	Action	Date of Board Action
None			

Major Ongoing or Emergent CRA Issues

El Monte (First District)

Issue: The City is proposing to make changes in its Downtown Redevelopment Project in order to allow for the development of a major transit-oriented residential and retail development. The proposed changes include a ten-year extension of the project, and adjustments to the County pass-through share of tax increment in order to fund infrastructure improvements. The City proposes to make these changes through special legislation (AB 1167, see below).

Status: Staff has been working with the City in order to determine the fiscal impact on the County. County will oppose AB 1167; however, staff has expressed a willingness to explore alternatives to special legislation that would amend the existing agreement and use elements within existing law to accomplish the ten-year extension.

Glendora (Fifth District)

Issue: Redevelopment Project No.5 for the Glendora Community Redevelopment Agency would merge the Agency's four existing redevelopment areas in the City, add new territory, and establish the authority to purchase non-residential real property through eminent domain in all five areas. The added area comprises approximately 310 acres.

Status: Staff recently met with City and was presented with new blight findings. County previously advised the City that proposed project area does not appear to meet blighting requirements consistent with redevelopment law. Staff will analyze the revised findings, likely tour the area again, and work with the City to better understand their latest proposal.

Redondo Beach (Fourth District)

Issue: The City is proposing to refinance the existing debt on the South Bay Center Project. This proposal would require an amendment to the County procedure whereby the County guarantees that the City will receive sufficient tax increment funds to meet its debt payments.

Status: Staff has been working with the City in order to develop an equitable amendment that works for both parties.

Rosemead (First District)

- Issue:** The City is requesting the County approve a subordination of debt, as allowed under current redevelopment law.
- Status:** Staff will verify the City's estimates of tax increment, and prepare a resolution for Board approval within the 45-day time limit.

Whittier (Fourth District)

- Issue:** The City of Whittier issued an initial study for the proposed Amendment to the Commercial Corridor Redevelopment Plan. The Amendment would add approximately 218 acres in three sub-areas to the existing project area.
- Status:** This Office reviewed the Agency's Preliminary Report, and concluded it was generally consistent with the blight standards required by redevelopment law. However, staff continues to work with the City regarding the placement of the value of the Nelles School site in the base year of the project when it is transferred from public to private ownership.

Litigation

Los Angeles - City Center (First and Second Districts)

- Issue:** Agency adopted the City Center Redevelopment Project on May 15, 2002. This project of approximately 880 acres in Downtown Los Angeles reestablishes as a new project much of the existing Central Business District (CBD) Project, which has reached its court-validated project cap.
- Status:** The County filed a lawsuit objecting to the Project on the basis that it violates the court-validated project cap on the CBD Project, and improperly includes 30 acres of non-blighted parking lots surrounding the Staples Center. On June 24, 2003, the trial judge issued a final decision invalidating the Project. On April 19, 2005, the 2nd District Court of Appeal ruled that the proposed City Center Project can proceed, but cannot include any of the former CBD areas, which comprise the majority of the Project. The parties are in the preliminary stage of resolving the remaining legal issues.

Los Angeles - Central Industrial (First and Second Districts)

- Issue:** The City adopted the Central Industrial Redevelopment Project on November 15, 2002. The Project includes approximately 744 acres of primarily industrial areas located in the southeast section of Downtown Los Angeles. Similar to the City Center Project, the Central Industrial Project includes detachment of parcels from the CBD Project.
- Status:** Similar to City Center, County filed lawsuit objecting to the Project on the basis that it violates the court-validated project cap on the CBD Project. On September 19, 2003, the court issued a ruling invalidating the Project. The Court of Appeal similarly ruled that the proposed Central Industrial Project can proceed, but cannot include any of the former CBD areas. The parties have completed additional litigation of project validity, in which the Superior Court will soon decide whether the modified project is financially feasible.

Legislation

NOTE:

The Legislature has held all redevelopment bills as two-year bills. The Senate Local Government Committee, and presumably at least one Assembly policy committee, held interim hearings on blight and the impact of the Kelo decision on the application of eminent domain. These interim hearings could lead to new bills in 2006.

AB 921

Issue: This bill would allow the term of redevelopment projects to be extended for an additional 25 years to address both market and affordable housing needs, without making a new finding of blight.

Status: Because AB 921 would divert significant property tax revenues from the County, the County's Sacramento advocates are opposing this bill. The committee hearing was postponed.

AB 1167

Issue: This bill would allow the City of El Monte to amend its Downtown Redevelopment Project to carry out transit-oriented projects. The proposed amendment would extend the time limit of the project by ten years and modify the existing pass-through payments to the County.

Status: CAO staff working with City representatives to review project details in order to estimate the financial impact on the County (see above). Staff has recommended opposition to the bill as it circumvents current law, and would set a precedent for other cities. The bill will be heard in the Housing and Community Development Committee on January 11, 2006.

AB 1330

Issue: This bill would authorize the Los Angeles City Council to designate the Los Angeles Board of Harbor Commissioners as the redevelopment agency for the Los Angeles Harbor District. In addition, AB 1330 contemplates a new redevelopment project by: creating a new definition of blight to fit the current conditions of the Los Angeles Harbor; exempting the Harbor District from environmental impact report (EIR) requirements; shortening plan adoption reporting requirements; and eliminating the prohibition on redevelopment agency use of property tax increment for operations and maintenance expenses (current law restricts the use of agency funds to capital expenses).

Status: AB 1330 would divert significant property tax revenues from the County. Also, AB 1330 eliminates many of the procedural and substantive changes to the redevelopment law enacted by the 1993 Community Reform Act (AB 1290). The Legislature enacted AB 1290 to address abuses including the inappropriate adoption of projects that were not "blighted." The bill did not pass out of committee, but could be brought back after further study.

SB 521

Issue: This bill would change redevelopment law relating to transit villages to: allow local governments to extend the boundaries of a transit village development plan; add the lack of high density development within a transit village development district as an economic condition that causes blight; and require the California Infrastructure and Economic Development Bank to make a finding whether the proposed project is consistent with the requirements of redevelopment law.

Status: Because SB 521 weakens the reforms of AB 1290 by adding new criteria that would allow transit village boundaries to be extended and the definition of blight to be expanded, the County's Sacramento advocates are opposing this bill. The bill passed the Senate, and moved to the Assembly committee on local government.

Overall CRA Statistics

Active CRA Projects	312
Pending CRA Projects	14